

DRAFT

Jumpstart Program Guidelines

Purpose of Program

The Jumpstart Program was created to reward cooperation between cities and nonprofit organizations when converting underutilized or problem properties into safe, affordable housing for low-income and formerly homeless residents (properties in unincorporated areas of the county are also eligible). Properties may include single family, multi-family, and commercial properties. Preference will be given to existing vacant buildings.

Leverage of local jurisdiction funds is required. Projects must leverage a minimum of \$1 in local funds for every \$7 of Jumpstart investment. Preference will be given to projects that exceed the minimum leverage ratio. The local jurisdiction(s) can meet leverage requirements in a variety of ways including grants, low-interest or deferred loans, equity investments and in-kind contributions including reduction in holding costs as a result of an expedited permit process.

The Jumpstart Program was appropriated \$3.5 million and it is expected that all funding will be awarded to projects by December 31st, 2006.

Eligible Project Types

The Jumpstart funding will be made available for low-income and very low-income rental housing with no programmatic limits to length of stay, including transition-in-place housing for people who are homeless. Eligible projects must rehabilitate or replace existing underutilized, unsafe, and/or mismanaged structures with health, public safety or high incidence of police activity or safety hazards..

Eligible Activities

Activities eligible for funding include:

- Acquisition and rehabilitation
- Site improvements
- Relocation costs (Note: Vacant or primarily vacant structures are a priority)
- Capitalized reserves (operating and replacement reserves, for example).

Projects assisted with Jumpstart funds can be located anywhere in King County, including in the city of Seattle. Projects must be consistent with the following:

- The Committee to End Homelessness Ten-Year Plan.
- The King County Consortium's Consolidated H&CD Plan (or City of Bellevue, Seattle, Auburn or Kent plans as applicable).

- The applicable jurisdiction's Comprehensive Plan
- All zoning and building code requirements of the applicable jurisdiction (either outright or grandfathered in).

Eligible Applicants, Application Process and Cooperation Requirement

Only projects that demonstrate cooperation between cities and non-profit housing organizations (including housing authorities) are eligible to apply for Jumpstart funds. In general, cities will prioritize projects in their communities and make a financial commitment to a project, and non-profits or housing authorities will develop and own the properties.

The Jumpstart Program will employ a two-stage application process. In the first stage, applicants will complete a project summary and description similar to the pre-application used for other HFP funds. To maximize consistency with local priorities, the project summary will be a joint submission signed by both the local government and nonprofit applicant.

In the second stage final applications will be submitted, using a standard HFP application or other acceptable substitute application (city of Seattle, ARCH, or state HTF). The final application will also be a joint submission signed by both the local government and nonprofit applicant.

Eligible Beneficiaries and Affordability Requirements

Projects may include units affordable to a range of household incomes. Jumpstart funds will be used exclusively for units serving households at 50 percent of AMI and below. Rents, including utilities, may not exceed 30 percent of the maximum monthly income level established for each assisted housing unit. The maximum allowable rents each year will be based on King County household income guidelines published annually by the US Department of Housing and Urban Development. In projects where housing will be rehabilitated, rents charged after rehabilitation should not exceed the prior rent levels. If existing occupants do not qualify for jumpstart-funded units, the population and income requirements of those units will be met through attrition.

Funding Priorities

Project evaluations and funding priority will be based on the following criteria:

- The greatest number of units created serve households who are homeless
- Rehabilitation of primarily vacant structures
- The greatest potential for overall community improvement
- The degree of leverage of local resources (minimum is \$1 for every \$7 in Jumpstart funds)
- The ability of the project to be placed in service in the shortest period of time

- The proportion of total units serving households with incomes at or below 30 percent of AMI
- The cost effectiveness of the public investment (measured as the number of units produced for the longest period of time at a competitive cost)
- The soundness of the plan and proposed financing for supportive services in projects where such services are needed.

Projects will also be evaluated based on State Housing Trust Fund application criteria which include the following factors:

- Appropriateness of the site, structure, and program design for the proposed residents
- Financial feasibility of the project
- Feasibility of project design and scope of work
- Capability and experience of the applicant
- Capability and experience of the development team
- Ability to deliver a Comprehensive Services Plan appropriate for the population served.

Conditions of Financial Assistance

Awards will usually be structured as loans with contracts based on an affordability period of fifty years. The loan may be deferred (non-amortizing and due on sale, refinance, or transfer of title) or in some cases it may be forgiven at the end of the 50-year term. In the case of permanent rental housing in mixed-income projects assistance may be provided as a zero- or low-interest amortizing loan. HFP staff will determine the most appropriate form of loan based on a thorough review of the project.

King County will secure its interest in funded projects by recording a deed of trust, promissory note, and covenant restricting use (and, if applicable, resale) of the property. Should there be a default, the County contribution to the project is subject to repayment along with a proportionate share of net appreciation.

HFP agreements will specify the resident group and services to be provided for projects that serve a particular special needs group. Any change during the contract term to the population served or to supportive services must be approved in advance by King County.

Project Selection Process

All applications receive careful review for feasibility and consistency with County policies. This review is conducted under the direction of the director of the Department of Community and Human Services (DCHS). The first level of review includes the following participants:

- HFP staff and other Housing and Community Development staff
- An advisory committee that includes experts in housing finance and construction
- Other experts in housing-related support services, as needed.

Following this review, HFP staff will prepare recommendations for the Joint Recommendations Committee (JRC). The JRC includes representatives from King County and Cities within King County. King County representatives on the JRC will make recommendations to the County Executive for Jumpstart investments, which will be reviewed by the DCHS director. Successful applicants will be informed promptly. Applicants wishing to request reconsideration must submit a written request to the director within 10 working days following notification of funding decisions.

Tenant Displacement strongly Discouraged

Where possible, applicants are encouraged to propose projects that avoid or minimize displacement. Displaced households must be provided with relocation assistance consistent with County Guidelines.